ANNUAL REPORT 1991

PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION COMMISSION

DEPARTMENT OF EDUCATION

FOR THE SCHOOL YEAR ENDING

JUNE 30, 1991

92-05003/

TO HER HONOUR
THE HONOURABLE MARION L. REID
LIEUTENANT GOVERNOR OF THE PROVINCE
OF PRINCE EDWARD ISLAND

MAY IT PLEASE YOUR HONOUR

I have the honour to submit herewith the annual report of the Prince Edward Island Teachers' Superannuation Commission for the school year ending June 30, 1991, including certain tables, reports and other matters containing information relative to the administration of the Prince Edward Island Teachers' Superannuation Act.

I have the Honour to be, Madam
Your Obedient Servant

Paul Connolly
Minister of Education

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Members - P.E.I. Teachers' Superannuation Commission for the period July 1, 1990 to June 30, 1991.

Roger W. Burke[1] (chair)

P. Allan Murphy[2]

Frank McQuaid[2]

Bruce Montgomery[2]

Gar Andrew[1]

William Bartlett[1]

Robert Ramsay[3]

1. Appointee of Minister of Education
2. Appointee of P.E.I. Teachers' Federation
3. Appointee of Minister of Finance

Secretary to the Commission - Ronald F. Rice
Director of Administration
Department of Education

SUPERANNUATION ACT AMENDMENTS

During the period July 1, 1990 to June 30, 1991 there were amendments made to the Teachers' Superannuation Act as follows:

1. Subsection 18(1) of the Teachers' Superannuation Act R.S.P.E.I. 1988, Cap. T-1 is repealed and the following is substituted therefor:

> 18. (1) The pension payable under this Act shall be calculated as one-fiftieth of the highest average yearly salary multiplied by the total number of years of service, any fraction of years of service and any fraction of a year, up to a maximum of thirty-five years.
>
> (1.1) The highest average yearly salary is determined by averaging the five years of highest annual salary rate for each year in which the teacher made contributions under section 11 or 14.

NOTE: Amendment actually assented to April 26/90 but missed from June 30/90 report.

BILL NO. 41

An Act to Amend the Teachers' Superannuation Act

BE IT ENACTED by the Lieutenant Governor and the Legislative Assembly of the Province of Prince Edward Island as follows:

1. Section 1 of the Teachers' Superannuation Act R.S.P.E.I. 1988, Cap. T-1 is amended by the insertion of the following as clause (d.1):

> (d.1) "instructional personnel" means teachers and such other persons as the Minister designates pursuant to the School Act R.S.P.E.I. 1988, Cap. S-2;

2. Section 2 of the said Act is repealed and the following substituted therefor:

> 2. This Act applies to
>
> (a) instructional personnel;
>
> (b) persons receiving a pension under this Act or who made contributions to the Fund.

3. Section 10 of the said Act is amended by the deletion of the word "five" and the substitution therefor of the word "three".

4. Subsection 16(3) of the said Act is repealed and the following is substituted therefor:

(3) The Commission shall review annually the case of a teacher superannuated on account of ill health or physical or mental incapacity and on the recovery of that person the pension shall cease to be payable unless, in the meantime, the person has become eligible for a pension under clause (1)(a) or (b).

5. Section 17 of the said Act is amended

(a) in clause (1)(b), by the deletion of the words "he has attained the age of sixty years" and the substitution therefor of the words "eligible to receive a pension under subsection 16(1)";

(b) in clause (2)(b), by the deletion of the words "his attaining the age of sixty years" and the substitution therefor of the words "the effective date of the pension for which application is made under subsection 16(1)".

6. Section 22 of the said Act is repealed and the following is substituted therefor:

22. Where a person receiving a pension under this Act reaches the age of sixty-five years, the pension payable under this Act shall be reduced by zero decimal seven per cent of the person's average salary rate for the highest five years of salary, for each year of service up to a maximum of thirty-five years, and that reduction, shall be computed only on that part of the person's salary which constitutes the "Year's Maximum Pensionable Earnings" as defined in the Canada Pension Plan.

APPLICATIONS FOR SUPERANNUATION

During the period July 1, 1990 to June 30, 1991 the following applications for superannuation were approved:

Item 2 - Applications for superannuation.

	DATE OF BIRTH	AUTHORITY	ANNUAL ALLOWANCE	EFFECTIVE DATE
Orella Arsenault	Apr. 7/34	16(1)(b)	$26775.04	July 1/91
Charles Blouin	May 7/38	23(1)	4609.50	Nov. 14/90
Marjorie Boswell	Sept. 4/26	16(1)(a)	13053.32	July 1/91
M. Patricia Bradley	July 28/27	16(1)(a)	19804.33	July 1/91
Anne Brehaut	July 5/25	16(1)(a)	19169.64	July 1/91
Susan Chaisson	June 30/31	16(1)(a)	5679.37	July 1/91
Velma Fitzgerald	July 1/31	16(1)(a)	19464.29	Aug. 1/91
Norman Ford	Dec. 22/32	16(1)(b)	16143.68	July 1/91
Jean Frederiksen	Nov. 2/33	16(1)(b)	23901.78	July 1/91
Evelyn Gairns	Jan. 3/25	16(1)(a)	17386.84	July 1/91
Alodie Gallant	Aug. 6/31	16(1)(a)	19203.73	Sept. 1/91
Blanche Howlett	Dec. 24/35	16(1)(b)	27732.44	Jan. 1/91
Patricia A. Johnston	Mar. 16/47	16(1)(c)	15599.81	Oct. 17/90
Harry Kielly	Aug. 15/38	16(1)(d)	30946.09	Aug. 1/91
Lance Miron	Feb. 8/39	16(1)(c)	13248.92	Nov. 17/90
Kathleen Morrison	Feb. 26/36	16(1)(b)	24175.14	July 1/91
John S. MacDonald	Dec. 28/26	16(1)(a)	16511.28	July 1/91
Reta A. MacDonald	Oct. 26/32	16(1)(b)	23901.78	July 1/91
Reta A. MacDonald	July 31/32	16(1)(b)	23282.64	July 1/91
Arlene MacDougall	Oct. 26/34	16(1)(b)	23901.78	July 1/91
Helen M. MacEwen	Sept. 14/31	16(1)(b)	27150.55	July 1/91
Elaine MacKendrick	Oct. 10/36	16(1)(c)	22528.75	Sept.28/90
Bernice MacInnis	Aug. 18/31	16(1)(b)	20539.15	Jan. 1/91
Ruth McaNevin	Sept. 18/36	16(1)(b)	23981.12	Oct. 1/91
Jean MacPhee	Mar. 28/33	16(1)(b)	25215.10	July 1/91
Patricia Peters	Mar. 17/36	16(1)(b)	22262.80	July 1/91
Marion Reid	Jan. 1/29	16(1)(a)	6259.68	Feb. 1/89
Noreen Rooney	Apr. 3/32	16(1)(b)	28615.04	July 1/91
S.T. Aquinas Ryan	Mar. 7/32	16(1)(b)	27685.16	July 1/91
Frances Sark	July 4/28	16(1)(a)	28335.11	July 1/91
Jean Shea	June 13/36	16(1)(b)	31060.96	July 1/91
Phyllis Shea	Apr. 5/38	16(1)(d)	23901.78	July 1/91
Shirley M. Toole	June 24/27	16(1)(a)	28796.04	July 1/91
Alden Weeks	Aug. 7/39	16(1)(d)	32996.32	July 1/91
Velda Wells	May 19/26	16(1)(a)	32766.30	July 1/91
Stephen Zarvie	Feb. 25/31	16(1)(a)	14195.62	Mar. 1/91

SUPERANNUATES DECEASED DURING THE PERIOD JULY 1/90 TO JUNE 30/91

NAME	DECEASED	AGE
Katherine Gardiner	July 4/90	72
Francis Gardiner	Aug. 1/90	78
Sr. Frances Murphy	Nov. 7/90	65
Sr. Margaret McCloskey	Feb. 1/91	81
Mabel MacSwain	Jan. 23/91	74
Ernest Bradley	May 2/91	84
Davis Lidstone	May 19/91	77
Doreen MacEachern	May 22/91	50
Sr. Winnifred McIver	June 27/91	73

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

FINANCIAL STATEMENTS

JUNE 30, 1991

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Commissioners of the
Teachers' Superannuation Commission
Province of Prince Edward Island

I have audited the Statement of Net Assets Available for Benefits of the Province of Prince Edward Island Teachers' Superannuation Fund as at June 30, 1991 and the Statement of Changes in Net Assets Available for Benefits for the year then ended. These financial statements are the responsibility of the Teachers' Superannuation Commission. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 1991 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

J. Wayne Murphy, C.A.
Auditor General

Charlottetown, Prince Edward Island
November 15, 1991

STATEMENT 1

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

as at JUNE 30, 1991

(with comparative figures at June 30, 1990)

	1991	1990
Assets		
Cash	$ 222,333	$ 396,369
Contributions receivable - employee	4,427	2,659
Contributions receivable - employer	4,427	2,659
Accrued interest	995,418	866,276
Term deposits	1,450,000	1,200,000
	2,676,605	2,467,963
Investments (Note 3)		
Canadian treasury bills	4,564,265	8,145,551
Other liquid assets	125,170	469,995
Bonds and debentures	33,518,136	30,798,380
Canadian equity securities	33,881,750	25,437,503
Foreign equity securities	6,664,990	7,085,706
	78,754,311	71,937,135
Total Assets:	$81,430,916	$74,405,098
Liabilities		
Installment buybacks (Note 2 (c))	$ 37,131	$ 42,557
Accounts payable	62,882	53,876
Total Liabilities:	$ 100,013	$ 96,433
Net assets available for benefits	$81,330,903	$74,308,665

(The accompanying notes are an integral part of these financial statements)

ON BEHALF OF THE COMMISSION

COMMISSIONER: _____

COMMISSIONER: _____

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED JUNE 30, 1991

(with comparative figures for the year ended June 30, 1990)

INCREASE IN ASSETS	1991	1990
Investment income		
Interest on investments	$ 4,177,947	$ 4,068,814
Dividends	1,166,381	881,415
Other income	99,061	93,524
	5,443,389	5,043,753
Market value increase (decrease)	1,117,898	(1,110,229)
Contributions		
Employees' contributions	3,977,444	3,679,345
Employers' contributions	3,977,444	3,679,345
Transfers from other plans	906,243	510,364
Buybacks	282,979	202,519
	9,144,110	8,071,573
Total increase in assets:	15,705,397	12,005,097
DECREASE IN ASSETS		
Pensions paid	7,523,671	6,680,243
Transfers to other plans	744,091	424,792
Refunds	161,755	143,351
	905,846	568,143
Custodial and management fees	245,221	227,812
Miscellaneous	8,421	3,300
	253,642	231,112
Total decrease in assets:	8,683,159	7,479,498
Increase in net assets	7,022,238	4,525,599
Net assets available for benefits at beginning of the year	74,308,665	69,783,066
Net assets available for benefits at end of the year	$81,330,903	$74,308,665

(The accompanying notes are an integral part of these financial statements)

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1991

1. Description of Plan

The following description of the Teachers' Superannuation Plan is a summary only. For more complete information, reference should be made to the Teachers' Superannuation Fund.

(a) General

The plan is a contributory defined benefit plan covering all teachers employed to provide teaching service, teachers receiving a pension, and those who made contributions under the Teachers' Superannuation Act. Under the plan, employees and the employer make equal contributions of 5.7% on that part of salary on which Canada Pension Plan contributions are made and 7.5% on salary when Canada Pension Plan contributions are not required.

(b) Pensions

Pensions payable are based on the number of years of service times 2% multiplied by the average of the 5 years of the highest annual salary rate on which the teacher made contributions.

(c) Disability Pension

A disability pension is available at any age to a teacher who retires from teaching service because of ill health or physical or mental incapacity who has contributed to the Fund for 10 or more years.

(d) Survivors Pension

A survivor pension is paid to a spouse and allowances are provided to dependent children of a member who has at least 10 years service.

(e) Death Refunds

If a teacher dies before becoming eligible for a pension, a refund of contributions made plus interest shall be made to their personal representative.

(f) Withdrawal Refunds

Upon application and subject to limitation within the Teachers' Superannuation Act, a person who ceases to teach is entitled to a refund of all contributions made by him to the Fund.

(g) Income Tax

The plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to Income Tax.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation
These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members.

(b) Investments are valued at market value.

(c) A past service buyback by installment plan was implemented in September 1983. Under this plan installments are accumulated for individual participants in a special fund until a sufficient amount is available to complete the buyback transaction. At that time the total buyback amount is recorded as a contribution to the Pension Fund.

3. Investments

(a) The Fund is invested in accordance with the Teachers' Superannuation Fund Investment Policy statement as required in 9.(4) of the Teachers' Superannuation Act.

(b) Canadian Treasury Bills consist of bills with maturities of less than one year.

(c) Other liquid assets are bankers' acceptances and cash held by the custodian.

(d) Bonds and debentures are valued using rates obtained from independent investment dealers.

(e) Canadian equity securities are valued using rates obtained from the Toronto Stock Exchange.

(f) Foreign equity securities are valued using rates obtained from the New York Stock Exchange.

(g) Pooled Fund investment values are established by their respective investment trustee/administrators.

4. Obligations for Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and best estimate assumptions. An actuarial valuation was made as of July 1, 1990 by Eastern Canada Consulting Services Ltd. The Actuarial present values of benefits as at July 1, 1990 and the principle components of changes from the previous actuarial valuation as at July 1, 1987 were as follows:

	1990
Actuarial present value of accrued pension benefits at July 1, 1987	$184,400,000
Experience gains and losses	5,200,000
Changes in actuarial assumptions	32,900,000
Interest on benefits accrued	61,814,000
Benefits accrued	25,644,000
Benefits paid	(20,558,000)
Actuarial present value of accrued pension benefits at July 1, 1990	$289,400,000

The assumption used in determining the actuarial value of accrued pension benefits were developed by reference to expected long term market conditions. Significant long term actuarial assumptions used in the valuation were:

Asset Rate of Return	8.15%
Salary Escalation Rate	5.25%
Pension cost of living increases	4.50%

The actuarial asset values used in the valuation were:

Actuarial value of net assets available for benefits	$74,308,665

5. Funding Policy

The employer matches employee contributions to the Fund. Under Section 9(3) of the Teachers' Superannuation Act, all payments required by the Act are guaranteed by the Province of Prince Edward Island. An Actuarial Valuation Report of the Fund as of July 1, 1990 was conducted by Eastern Canada Consulting Services Ltd. This report indicated there was an unfunded liability of $215.1 million.